Oversight Division

Committee On Legislative Research

# Program Evaluation: Allocation and Expenditure of Funds for Alcohol and Drug Abuse Programs

*Prepared for the Committee on Legislative Research*
*by the Oversight Division*

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*May, 2001*

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## COMMITTEE ON LEGISLATIVE RESEARCH

STATE CAPITOL
JEFFERSON CITY, MISSOURI 65101-6806

May, 2001

Members of the General Assembly:

As authorized by Chapter 23, RSMo, the Committee on Legislative Research adopted a resolution on May, 2000 directing the Oversight Division to perform a program evaluation of the Allocation and Expenditure of Funds for Alcohol and Drug Abuse Programs which included the examination of records and procedures in the Department of Mental Health to determine and evaluate the programs performance in accordance with the program's objectives, responsibilities, and duties as set forth by statute or regulation.

The accompanying report includes Oversight's comments on internal controls, compliance with legal requirements, management practices, program performance and related areas. We hope this information is helpful and can be used in a constructive manner for the betterment of the state program to which it relates.

Respectfully,

Senator Larry Rohrbach
Chairman

# EXECUTIVE SUMMARY

The Division of Alcohol and Drug Abuse, within the Department of Mental Health, administers funding for prevention, outpatient, residential and detoxification services to community-based programs that function to develop and implement comprehensive coordinated plans. The division also provides technical assistance to these agencies and operates a certification program, which sets standards for treatment programs, qualified professional, and alcohol and drug related educational programs. The Division's budget for state fiscal year 2000 totaled $73.4 million, $50.9 million of which was paid to contracted providers. Treatment services represented 74% of the total, prevention services 14%, the alcohol traffic offense program (SATOP) 5%, compulsive gambling 1% and administrative costs were 7%.

The Oversight Division performed a program evaluation to determine whether allocation of funds throughout the state was appropriate and whether the Division was requesting and expending funds in an efficient and effective manner.

In an April, 2000, Oversight report regarding purchasing of mental health treatment services, we recommended that funding should be allocated on per capita information by service area or assessed needs in the area and not on traditional or historical funding levels. Although the Division has not implemented that recommendation, they have recently drafted a new funding allocation plan to disperse funding to contracted providers throughout the state. However, the draft plan effectively addresses only new funding the Division may receive as it holds harmless all current contracts with treatment providers. Oversight recommends any changes to the current funding allocation system should include not only new funding but also current funding to address the needs of clients around the state.

The Division has allocated funding to contracted providers based on the amount of funding award in the past. However, in the past three years, the Division has reallocated over $4 million from providers who did not expend their awarded amount to providers whose treatment needs were in excess of their funding. The re-allocations are usually done during the last quarter of the fiscal year and results in the expansion of treatment programs for only a short amount of time. Oversight recommends the Division consider permanent re-allocations in areas where there has been as demonstrated need. In addition, Oversight recommends reallocating funds as early as possible in the fiscal year.

The Division received new funding from the legislature based on waiting lists obtained by providers which may have been overstated. In FY99, the legislature appropriated $1.37 million to address the treatment needs of individuals on these waiting lists. The method for obtaining the waiting list information was by telephoning treatment providers and asking them how many persons were on their waiting lists. It is not known whether there were individuals on more than one treatment

waiting list or on the waiting list of more than one provider. Oversight recommends the Division develop a more appropriate method of determining unmet needs to support future funding requests.

The Division received $1.3 million in additional funding for FY01 for the purpose of raising the hourly pay rate of providers' direct care staff. The additional funding was intended to help reduce the turnover rate of staff employed by providers to avoid the disruption which can occur to those being served. At the time, the Division surveyed providers and determined the turnover rate ranged up to 300%. Oversight contacted some providers who are receiving the additional funding and found that direct care staff turnover has been reduced. In one instance, direct care staff turnover was reduced from 94% to 45%. Oversight recommends the Division monitor the direct care staff turnover of providers and present this information to the General Assembly.

The Division has failed to implement changes in its bidding and contracting procedures which were recommended by Oversight in April, 2000. Specifically, Oversight determined the Divison does not routinely re-bid contracts to ensure the best services are being obtained at the lowest costs. It has been the Division's policy to renew provider contracts unless the provider no longer meets certification requirements. Oversight recommended, as a matter of good business practice, the Division consider periodically re-bidding the contracts to ensure the best providers are providing services at the lowest cost to the state. However, the Division has not re-bid any of the contracts since the recommendation was made in April, 2000. Oversight again recommends periodic re-bidding.

The Oversight Division did not audit departmental or divisional financial statements and accordingly does not express an opinion on them. We wish to acknowledge the cooperation and assistance of staff in the Department of Mental Health, Division of Alcohol and Drug Abuse during the evaluation process.

Jeanne Jarrett, CPA
Director

# Chapter 1 - Introduction

The Joint Committee on Legislative Research directed the Oversight Division to conduct a program evaluation of the Alcohol and Drug Abuse Programs within the Department of Mental Health. The evaluation review had the following components: to determine the effectiveness of the alcohol and drug abuse programs, the benefits of the programs in relation to expenditures, the goals of the alcohol and drug abuse programs, the development of indicators by which the success or failure of the program may be gauged, the conformity of the program with legislative intent, and the impact of any federal grant programs on the program.

## Background

The Division of Alcohol and Drug Abuse (ADA) plans and funds prevention, treatment and rehabilitation programs for an illness that costs the state's economy more than $5.5 billion a year in lost productivity, social welfare costs and property damage. It is estimated that 342,000 Missourians, as well as another 1,400,000 family members of substance abusers are in need of treatment services for alcohol and other drug abuse.

The division, established within the Department of Mental Health (DMH) in 1975, became a statutory entity with the passage of the Omnibus Mental Health Act in 1980.

The ADA provides funding for prevention, outpatient, residential and detoxification services to community-based programs that work with the communities to develop and implement comprehensive coordinated plans. The division also provides technical assistance to these agencies and operates a certification program, which sets standards for treatment programs, qualified professional and alcohol and drug related educational programs.

In Missouri, caring for and treating people with mental illness, developmental disabilities and those with substance abuse problems can cost hundreds of dollars per day. Many individuals and families can not bear the cost of this care and treatment. Through its many programs, DMH provides assistance to thousands of clients by tapping many resources to recover costs incurred. For example, third-party benefits from private or public health insurance policies, or Medicare/Medicaid are applied to offset costs first. If those payments are insufficient, the client is asked to contribute only a portion of the cost based on the family's ability to pay, income and family size.

ADA offers prevention and treatment services through community contracted providers and through the DMH facilities. The division's budget for FY2000 totaled $73,449,556 with $50,923,586 in contracted payments. Of the budgeted amount, funding for Treatment Services was 74%, Prevention

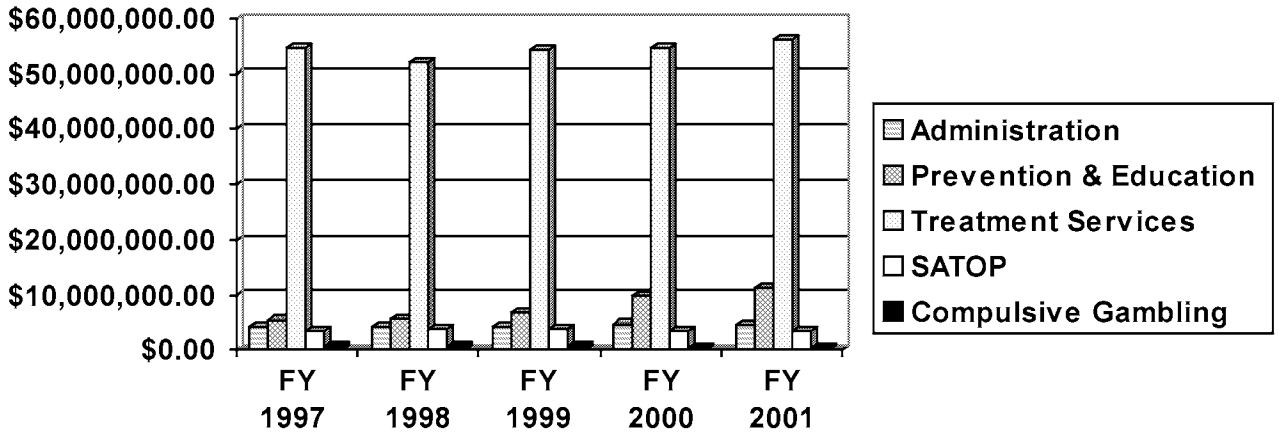
Services of 14%, SATOP of 5%, Compulsive Gambling of 1% and DMH - Administration of 7%.

See the Appropriation Summary table and the Funding Distribution by Service graph on the following page.

# Fiscal Years 1997-2001
# Appropriation Summary

| *ADA Services* | *Fiscal Year 1997 Appropriations* | *Fiscal Year 1998 Appropriations* | *Fiscal Year 1999 Appropriations* | *Fiscal Year 2000 Appropriations* | *Fiscal Year 2001 Appropriations* |
|---|---|---|---|---|---|
| **Administration** | $4,104,120 | $4,133,267 | $4,112,621 | $4,828,631 | $4,479,554 |
| **Prevention & Education** | 5,495,644 | 5,819,473 | 6,768,664 | 9,865,866 | 11,259,158 |
| **Treatment Services** | 54,616,936 | 51,994,874 | 54,242,033 | 54,558,049 | 56,231,771 |
| **SATOP** | 3,542,261 | 3,866,938 | 3,866,938 | 3,505,235 | 3,464,265 |
| **Compulsive Gambling** | 693,546 | 695,189 | 696,202 | 451,015 | 452,486 |
| **Total** | $68,452,507 | $66,509,741 | $69,686,458 | $73,208,796 | $75,887,234 |

Source: DMH FY 1997 through FY 2001 Appropriation Summaries.



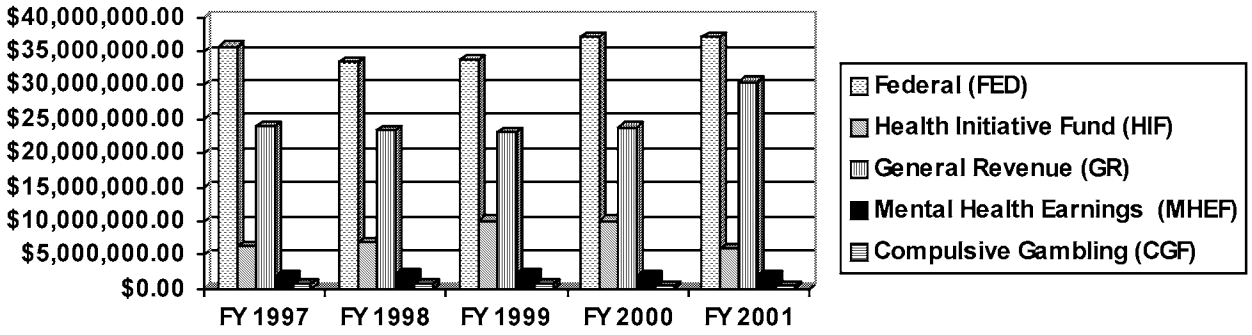
A large portion (50%) of the ADA's budget was from Federal Funds. State funding sources include General Revenue 33%, Health Initiative Fund 14%, Mental Health Earnings Fund 2% and Compulsive Gambling Treatment 1%.

See Sources of Funding graph on the following page.

# Fiscal Years 1997-2001
# Appropriation Summary

| *ADA Fund* | *Fiscal Year 1997 Appropriations* | *Fiscal Year 1998 Appropriations* | *Fiscal Year 1999 Appropriations* | *Fiscal Year 2000 Appropriations* | *Fiscal Year 2001 Appropriations* |
|---|---|---|---|---|---|
| **Federal (FED)** | $35,722,687 | $33,480,040 | $33,707,021 | $37,008,024 | $37,027,824 |
| **Health Initiative Fund (HIF)** | 6,420,327 | 6,784,718 | 10,092,528 | 10,101,910 | 5,993,034 |
| **General Revenue (GR)** | 24,015,947 | 23,455,994 | 22,956,099 | 23,779,972 | 30,541,635 |
| **Mental Health Earnings (MHEF)** | 1,600,000 | 2,093,800 | 2,234,608 | 1,867,875 | 1,872,255 |
| **Compulsive Gambling (CGF)** | 693,546 | 695,189 | 696,202 | 451,015 | 452,486 |
| **Total** | $68,452,507 | $66,509,741 | $69,686,458 | $73,208,796 | $75,887,234 |

Source: DMH FY 1997 through FY 2001 Appropriation Summaries.



The Division of Alcohol and Drug Abuse had approximately 162 full-time positions at June 30, 2000.

## Prevention/Intervention and Education

*Community 2000* is the primary substance abuse prevention initiative of the ADA. The division certifies a neighborhood, city or other self-defined community as a Missouri Community 2000 Team when it meets certain established criteria. Community 2000 is a comprehensive, community-based program, which focuses Missouri's alcohol and drug abuse prevention resources on high risk youth in 210 communities. Each team must have a team leader, and at least ten members including both adults and youth representing business, civic, educational systems, law enforcement, health care, municipal governments and religious organizations. Teams compete for mini-grants and have access to consulting and technical assistance through a support network and community developmental specialists.

Community 2000 is a statewide model of community mobilization by the Center for Substance Abuse Prevention (CSAP) in technical assistance provided to other states. The program generates thousands of hours of volunteer time each year. Fiscal year 2000 funding for this program was $4,826,607.

*The Early Family Prevention/Intervention Program*, a non-traditional targeted prevention project, is designed to utilize the network established by the Community 2000 teams and Caring Community School sites for the identification and referral network of the contracted service providers. Through this program, qualified substance abuse counselors are hired and trained to conduct assessment/interventions and marketing/outreach education to youth, age eight to seventeen, identified as early users of chemical substances, or at risk to use due to known family substance abuse, and their families.

Working with referrals received from the Division of Family Services, juvenile officers, school personnel, churches and other community-based agencies, ADA has conducted more than 100 family prevention/interventions through this program. Fiscal year 2000 funding for this project was $1,174,181.

## Treatment

ADA provides treatment services through a network of contract providers who operate treatment facilities. The division monitors these providers and their treatment staff, who must meet state certification standards. Treatment services are targeted to individuals based on the severity of their problem and their ability to pay. Total funding for treatment services in FY2000 was $54,558,049.

*Missouri's Comprehensive Substance Abuse Treatment and Rehabilitation Program (CSTAR)* offers a flexible combination of clinical services and living arrangements that are individually tailored for

each substance abuser. CSTAR began in 1991 by ADA. The program is funded by Missouri's Medicaid system and ADA's purchase-of-service system.

CSTAR consists of assessment and treatment planning; community support to provide continuity of treatment, monitoring of progress and access to needed community services for adolescents and women and their children; day treatment services; and living arrangement options which are permanent, substance-free and conducive to treatment and recovery. The program focuses on the need to serve clients where they live, provide alternatives to residential treatment whenever possible, and assist clients to develop and maintain normalized, safe, substance-free social environments. Approximately 34 agencies throughout the state contract to provide CSTAR services.

CSTAR programs help produce drug-free babies, and assist mothers to seek treatment for substance abuse. During a four-year period, DMH reported 522 babies were born drug-free to mothers enrolled in the program. More than 690 children have been returned to their mothers from foster care after CSTAR treatment. DMH estimates savings the state foster care program of about $24,000 per child per year.

*Detoxification* is the first step to recovery where an individual is assisted in withdrawing from alcohol or drug addiction in a safe, supportive environment. Approximately 4,100 Missourians receive detox services per year from 25 agencies that contract with the division to provide short, intensive detoxification interventions.

Methadone maintenance programs provide treatment and rehabilitation to persons who demonstrate physiological dependence upon heroin and other morphine-like drugs.
There are basically two program components, detox and ongoing methadone maintenance. While the goal of methadone treatment is the total rehabilitation of the client, some may need to remain in methadone maintenance for relatively long periods of time.

*Residential Rehabilitation* treatment is for persons who need more intensive supervision and support over an extended period of time. An average of 6,379 clients are served in four residential rehabilitation programs administered by 28 providers during any fiscal year. In residential treatment, a client receives around-the-clock care, seven days a week. Rehabilitation includes assessment, individual and group counseling, family counseling, participation in self-help groups, and other supportive measures designed to help a person live an alcohol and drug-free life.

*Outpatient Rehabilitation* is for persons whose substance abuse is less severe or chronic and does not require a residential setting for treatment; or persons who have graduated from residential care and need follow-up and after-care services, counseling and referral to support groups. Outpatient service is one of the largest treatment programs provided by ADA, with 22,090 clients served in a

year.

*Oxford Houses* are a network of self-run, self-supported recovery houses. Each house is chartered by Oxford House, Inc. and abides by three basic rules. The house evicts anyone who relapses, the house is financially self-sufficient, and the house is democratically run by the members. Oxford Houses provide safe, supportive, and secure places where individuals can make the behavioral changes necessary to ensure continued sobriety. ADA assists with the development of Oxford Houses throughout the state. Approximately 662 recovering individuals in Missouri benefit from this program.

## Substance Abuse Traffic Offender Program

The *Substance Abuse Traffic Offenders Program (SATOP)* is a statewide network of comprehensive, accessible, community-based education and treatment options for individuals arrested in Missouri for alcohol and/or drug related driving offenses. Missouri law requires offenders to complete a screening of their substance use related to their driving behavior. Based on the results of the screening, a client is referred to the appropriate level of SATOP services, ranging from basic education to intensive outpatient services.

Each person entering a SATOP program must pay a supplemental fee, based on income, from $225 to $813. The fee is deposited into the Mental Health Earnings Fund to help pay for substance abuse services for those clients who may not be able to otherwise afford them. SATOP provides services for over 26,000 clients annually and has contributed to a reduction in alcohol/drug related traffic crashes. Funding for FY2000 was $1,867,875 from the Mental Health Earnings Fund, $1,365,680 from the Health Initiatives Fund, and $407,458 from federal funds with $3,505,235 for payments to outside contractors and $135,778 for funding the Certification Board.

## Compulsive Gambling

ADA provides outpatient treatment services to compulsive gamblers and their families through 123 certified counselors in 22 programs throughout Missouri. *Compulsive Gambling* treatment is individualized for clients and may include individual counseling, group counseling, family therapy, individual codependency counseling and group codependency counseling. Certified compulsive gambling counselors make an initial determination of eligibility through the use of a brief screening instrument. Then, they administer a more in-depth assessment to those that they identify as eligible for services.

Program funding ($451,015 for FY2000) comes from taxes on licensed riverboat casinos collected by local municipalities. The Missouri Alliance to Curb Compulsive Gambling was established in an effort to promote the availability of services and provide a toll-free hot line that makes referrals for compulsive gambling treatment.

# Objectives

The evaluation sought to determine whether allocation of funds throughout the state was appropriate and whether the Department of Mental Health - Division of Alcohol and Drug Abuse was requesting and expending funds in an efficient and effective manner.

# Scope/Methodology

The scope of the evaluation review concentrated on the effectiveness and efficiency of the Department of Mental Health, Division of Alcohol and Drug Abuse for the time period of July 1, 1997 through June 30, 2000. The methodology used by the Oversight Division included tests of samples of transactions and evaluations of management controls to the extent necessary to fulfill evaluation objectives. A primary method used to measure objectives was conducting personal interviews with agency personnel. Additionally, the evaluation included performing on-site testing of controls and procedures.

# Chapter 2 - Comments

**Comment #1**

**The Department of Mental Health, Division of Alcohol and Drug Abuse received new funding to address the needs of individuals awaiting treatment based on waiting lists obtained from providers.**

Oversight reviewed the budget requests for the Department of Mental Health (DMH), Division of Alcohol and Drug (ADA) for increased funding to address the shortage of available residential and outpatient care treatment programs in Missouri. In analyzing these budget requests, Oversight noted that a list of individuals awaiting treatment was used to calculate the amount of new funding needed to meet this shortage. ADA received an additional $1,368,818 in new funding in fiscal year 1999 to address the needs of those individuals awaiting treatment. ADA has continued to receive this funding in subsequent fiscal years. Oversight inquired with ADA on how this waiting list number was arrived at. ADA stated that they telephoned their contracted providers about once a year and asked them how many individuals they had on their lists awaiting treatment. ADA did not make any inquires into what treatment programs had a waiting list nor did they ask if an individual could be on more that one treatment program waiting list with a provider. In addition, ADA was not able to determine if an individual was on the waiting list of more than one provider. Because this waiting list was used to calculate additional funding for treatment programs, an unreliable or overstated waiting list could result in an inaccurate estimate of the need for additional funds.

Oversight recommends that the Department of Mental Health, Division of Alcohol and Drug Abuse develop a system to determine unmet needs in order to support future funding requests.

**Comment #2**

**The Department of Mental Health, Division of Alcohol and Drug Abuse should require contracted providers to electronically report the days of treatment of an individual in a program to assist in the measurement of success of a treatment program.**

The Department of Mental Health, Division of Alcohol and Drug Abuse (ADA) does not require contracted providers to electronically report the days of treatment of an individual in a program. Currently, if an individual is in a program on the last day of a month and the first day of the next month, the individual is counted as a client served in both months. This may allow the number of individuals served by ADA to be overstated. ADA's current electronic system allows for this information to be submitted by the contracted providers but it has not been requested. Days of treatment by program would provide a baseline to help determine proper methods of treatment.

Oversight recommends that the Department of Mental Health, Division of Alcohol and Drug Abuse require contracted providers to electronically report the days of treatment of an individual in a program to assist in the measurement of success of a treatment program.

**Comment # 3**

**Reallocating funds near the end of the fiscal year may not be the most efficient method of funding programs.**

The Department of Mental Health, Division of Alcohol and Drug Abuse (ADA) allocates funding to contracted providers for treatment services based on the amount of funding award in the past. Under this system, a contracted provider in a given region is contracted for the historical amount as was awarded the previous year. In the last three fiscal years, ADA has reallocated over $4 million from contracted providers who would not expend their awarded amount to other providers whose awarded amounts do not meet the amount of treatment services provided. This reallocation is usually done during the last quarter of the fiscal year. The amounts reallocated ranged from $5,000 to $240,000 in additional funding for the providers. The providers had until the end of the fiscal year, or a three to four month timeframe, to spend the funds. However, for the next fiscal year, the provider again received the historical allocation amount. The reallocation does help in addressing treatment needs in the short term, but it allows those providers to expand their treatment programs only for a limited time.

| REALLOCATIONS | | | |
|---|---|---|---|
| | **2000** | **1999** | **1998** |
| **West** | $116,479 | $74,268 | $40,000 |
| **Southwest** | $509,125 | $235,969 | $130,000 |
| **East** | $991,780 | $429,828 | $355,344 |
| **Central** | $276,937 | $0 | $0 |
| **North** | $482,793 | $9,000 | $57,500 |
| **Southeast** | $432,365 | $0 | $0 |
| | | | |
| **Total** | $2,809,479 | $749,065 | $582,844 |

Oversight recommends that the Department of Mental Health - Division of Alcohol and Drug Abuse make these reallocation funds available as early as possible each year to those areas where treatment needs have been identified as lacking, or consider whether the rates of the contracts are sufficient to encourage providers to provide the treatment services needed. In addition, consideration could be given for permanent reallocation if the reallocations are reoccurring.

**Comment #4**

**The new allocation formula drafted by the Department of Mental Health - Division of Alcohol and Drug Abuse may still not address regional needs.**

The Department of Mental Health - Division of Alcohol and Drug Abuse (ADA) has drafted a new funding allocation plan that addresses any new funding ADA may receive but holds harmless all current contracts with treatment providers. In effect, the draft plan only addresses any new funding received by ADA, it does not address the issue of reallocating current funding to those areas of the state that may have a need for additional funding. Oversight recommended in its April, 2000 report on purchasing of mental health treatment services that funding should be based on per capita information by service area or assessed needs in the area and not on traditional or historical funding levels. ADA is

currently reviewing the current funding allocation system for changes. Any changes to the funding allocation system should include not only new funding but also current funding to address the needs of clients around the state.

| | FY 2000 | FY 1999 | FY 1998 | FY 1997 |
|---|---|---|---|---|
| **Central** | $5,635,487 | $5,006,881 | $4,266,979 | $4,239,373 |
| **Eastern** | $16,340,370 | $15,374,761 | $14,628,085 | $15,624,177 |
| **Northern** | $5,404,127 | $5,131,862 | $4,710,637 | $4,711,453 |
| **Southeastern** | $6,352,507 | $5,779,973 | $4,859,714 | $5,507,690 |
| **Southwestern** | $6,881,695 | $6,696,216 | $5,642,802 | $5,144,001 |
| **Western** | $10,309,400 | $10,451,690 | $10,015,963 | $9,884,890 |
| | | | | |
| **Total** | **$50,923,586** | **$48,441,383** | **$44,124,180** | **$45,111,584** |

Oversight recommends that the Department of Mental Health - Division of Alcohol and Drug Abuse re-evaluate the draft funding allocation plan with the hold-harmless provision focusing on changes that would address the treatment needs of the state.

**Comment # 5**

**The Department of Mental Health - Division of Alcohol and Drug Abuse could more effectively use state resources.**

During Oversight's evaluation of contracting for alcohol and drug abuse services we obtained a listing of all new contracts entered into by ADA from July 1, 1996 through June 30, 2000. In reviewing the listing it was noted a contract was entered into with a former employee for consulting during fiscal year 1997 within months of that former employee's retirement. We reviewed the former employee's previous job duties and description and those services to be provided through the contract. It appears that the job duties of the previous position and the contracted services are the same. In addition, his previous position was filled with no change in job duties and description. The contract was for a one-year period but has been renewed every year.

While the consultant, not on a full-time basis, may have provided a needed service when the contract was entered into, it does not appear to be reasonable that the service has been needed for four more years. In addition, his previous position was filled with no change in job duties and description.

Filling a job opening and contracting for the services to fulfill the duties of the same job appear to be an inefficient use of state resources. In addition, the duties of the consultant are paid from expense and equipment funds rather than personal services. The practice of hiring consultants rather than full-time employees effectively distorts the Department's overall number of FTE.

Oversight recommends the Department of Mental Health - Division of Alcohol and Drug Abuse examine the noted situation to determine whether the expenditure of funds for the consultant contract is still needed.

**Comment #6**

**The Department of Mental Health has failed to implement recommendations made in Oversight's April, 2000 report.**

Oversight determined that the Department of Mental Health - Division of Alcohol and Drug Abuse (ADA) does not routinely re-bid contracts to ensure the best services are being obtained at the lowest costs. ADA is not statutorily required to re-bid contracts and it is their policy to renew the provider contracts unless the provider no longer meets certification requirements. Oversight recommended, as a matter of good business practice, ADA consider periodically re-bidding the contracts to ensure the best providers are providing the necessary services at the lowest cost to the state. However, ADA has not re-bid any of the contracts since Oversight made its recommendation in April, 2000.

Oversight also noted that ADA is continuing to award firm-fixed price contracts for alcohol and drug abuse treatment services that are not in compliance with state bidding laws. The price does not vary and is uniform throughout the state. When ADA sets the price of the contract, they cannot ensure they are receiving the services at the lowest possible cost.

Oversight again recommends that the Department of Mental Health - Division of Alcohol and Drug Abuse (ADA) fully comply with current state bidding laws and establish a practice of periodically re-bidding the provider contracts to ensure that their clients are receiving the best services at the lowest costs available. According to ADA officials, they have set price ceilings for certain services but have not implemented them because they have not entered into new contracts.

**Comment #7**

**The Department of Mental Health - Division of Alcohol and Drug Abuse lapsed state funding in three out of four years during Oversight's evaluation.**

During Oversight's evaluation period, the Department of Mental Health - Division of Alcohol and Drug Abuse (ADA) lapsed General Revenue Fund funding in three out four years totaling approximately $142,716 in FY 1997, $38,993 in FY 1998, and $123,614 in FY 1999. In relation to ADA's total budget this is a small amount. However, based on average costs per client, these funds could have provided service to over one hundred individuals with some type of treatment service. With the national trend of increasing numbers of individuals seeking treatment and ADA requesting additional new funding through the budget process each year, it appears the demand for services exists. For the state to treat as many clients as possible, ADA should monitor and ensure that funding is spent in an efficient and productive manner.

Oversight recommends that the Department of Mental Health - Division of Alcohol and Drug Abuse more closely monitor the available fund balances to ensure that individuals seeking treatment services receive those services.

**Comment #8**

**Information given by the Department of Mental Health - Division of Alcohol and Drug Abuse to the General Assembly during the budget process was not always comparable.**

Oversight compared information prepared by the Department of Mental Health - Division of Alcohol and Drug Abuse (ADA) and given to the General Assembly to be used in the budget process. Oversight noted a lack of comparability in the information. For example, in presenting information during the budget process, ADA quoted various national statistics to the General Assembly. Explanations presented with decision items would quote a statistic from one report for Missouri but would compare it to the national average from another report from another year. While the information may have been correct, presenting different reports from different years for comparison does not allow the General Assembly to make informed decisions with like-kind information.

Oversight recommends that the Department of Mental Health - Division of Alcohol and Drug Abuse present statistics that are more readily comparable or disclose the sources of information.

**Comment #9**

**The Department of Mental Health - Division of Alcohol and Drug Abuse should monitor the effect additional funding has had on the direct care staff turnover of local providers.**

The Department of Mental Health - Division of Alcohol and Drug Abuse (ADA) requested and received additional appropriation authority of $1,333,676 during FY 2001 to raise the ADA providers' direct care staff hourly rate to $8 per hour. ADA stated in their appropriation request that the "Constant turnover of a person's direct care staff is very disruptive to their lives and severely compromises client services." The purpose of this appropriation was to provide additional resources to local providers to help reduce direct care staff turnover. ADA surveyed the local providers on their direct care staff turnover and found it ranged up to 300%. Oversight contacted some local providers who are receiving this additional funding and found that direct care staff turnover had been reduced. In one instance, direct care staff turnover was reduced from 94% to 45%.

Oversight recommends that the Department of Mental Health - Division of Alcohol and Drug Abuse (ADA) monitor the direct care staff turnover of providers and present this information to the General Assembly during the budget process so that the effectiveness can be determined.

# APPENDIX 1

**Department of Mental Health**
**Response to Program Evaluation of Alcohol and Drug Abuse Programs**

The Division provides the following responses to the Oversight Report.

**Chapter 1**
On Page 5 the appropriation amount for 1997 for the Health Initiative Funds should read $6,420,327 instead of $6,173,174 and the Mental Health Earnings Fund should read $1,600,000 instead of $1,847,153. On Page 6 under Prevention Intervention and Education the $5,249,224 identified as Community 2000 funding should read $4,826,607. On Page 8 under Substance Abuse Traffic Offender Program (SATOP) the $135,778 identified for administration of SATOP is actually funding for the Certification Board.

**Chapter 2**
Comment #1: The Department of Mental Health, Division of Alcohol and Drug Abuse received new funding to address the needs of individuals awaiting treatment based on waiting lists obtained from providers.

*Response:* The Division concurs with the comment and recommendation. We also agree that waiting lists are not the best method to determine need in an area. Because of this, the Division no longer uses waiting list to identify need. Through a federal grant the Division contracted with the Research Triangle Institute to conduct a Treatment Needs Assessment. The results of that assessment identified that as many as 378,000 Missourians over the age of 17 and 114,000 adolescents between 12 and 17 years are in need of substance abuse treatment or intervention. These numbers represent individuals who would present for private and public substance abuse services as well as those who will not seek services. As was discussed with Oversight, the Division has formed a group to work on "sizing the substance abuse treatment system". The charge of this group is to determine the number of individuals who would present for state substance abuse treatment services and the number of programs needed in each service area. The group consists of statisticians, an epidemiologist, treatment providers and Division staff. The group estimates a completion date of July 1, 2001. This information will be used to support future funding requests.

Comment #2: The Department of Mental Health, Division of Alcohol and Drug Abuse should require contracted providers to electronically report the days of treatment of an individual in a program to assist in the measurement of success of a treatment program.

*Response:* The Division concurs with the comment and recommendation. The Division currently collects treatment days on general treatment programs and on Comprehensive Substance Treatment and Rehabilitation (CSTAR) programs. However, the only treatment days data maintained on the Department's data bases are on general treatment programs. Obsolete information systems do not provide the ability to maintain date of service on other programs. The Division does not agree with Oversight's comments on overstating client counts. The Division reports only unduplicated counts of clients to the Governor and Legislature. The new Customer Information, Management,

Outcomes and Reporting information system will provide the Division with the ability to capture all client services by day and utilize that data to assist in measuring results.

Comment #3: Reallocating funds near the end of the fiscal year may not be the most efficient method of funding programs.

*Response:* The Division agrees that reallocation of funds near the end of the fiscal year may not be the most efficient method of funding programs. The Division is attempting to make reallocations as early as January of the fiscal year. Each contracted provider works with the Regional Administrator in their region to determine the amount of additional funding that they can utilize of the reallocation amount. Because of federal block grant requirements certain criteria must be followed to assure that required set-asides are met. Many of the reoccurring reallocations are because provider rates are too low or because of population shifts between Medicaid and non-Medicaid programs. Because of low rates providers receive, break-even points impact the number of clients that they can serve and thus reduce the amount of contract expenditures. In addition, any shifts between the number of Medicaid and non-Medicaid clients in a provider area impacts the providers ability to expend their contract since approximately 40 % of the cost for Medicaid clients would not be included in expenditures against their contract. Until the sizing project (as mentioned under Comment # 1) is complete the Division cannot speculate whether a permanent reallocation of funds should be considered.

Comment #4: The new allocation formula drafted by the Department of Mental Health – Division of Alcohol and Drug Abuse may still not address regional need.

*Response:* The new allocation formula was not intended to address all regional needs. It was intended to ensure that every service area in the state have core services available to them. The formula also provided the Division with a way to prioritize those service areas without substance abuse programming so that they could be targeted if new funds were made available to the Division. The second phase of the allocation formula is discussed in the response to Comment 1. This phase takes the Division one step closer to identifying: (1) where there is need for substance abuse treatment services, (2) identifying the number of programs required to fulfill that need, and (3) prioritizing new funding for those areas. Oversight identifies that any changes to the funding allocation formula should include not only new funds but current funding. Until the "sizing" project is complete, the Division cannot speculate whether this should occur.

Comment #5: The Department of Mental Health – Division of Alcohol and Drug Abuse could more effectively use state resources.

*Response:* The Division uses state resources effectively. The Division did contract with a former employee to provide assistance with prevention policy. The consultant was paid $1,450 in FY1997, $7,500 in FY1998, $3,075 in FY1999, $3,100 in FY2000 and $1,525 for FY2001 for a total of $16,650 over a 5 year period. The Division used this consultant because of his expertise in the prevention field and his knowledge and history

with the Division. Some of the contributions this consultant made to the Division during this time include: development of the prevention strategic plan, consultation to the Interagency Alliance for the State Incentive Grant, development of parts of the State Incentive Grant Application and research and grant reviews on science-based prevention programs. The contract will be terminated effective June 30, 2001 and will no longer be used during Fiscal Year 2001.

Comment #6: The Department of Mental Health has failed to implement recommendations made in Oversight's April 2000 report.

*Response:* The Department has commented on this matter previously.

Comment #7: The Department of Mental Health – Division of Alcohol and Drug Abuse lapsed state funding in three out of four years during Oversight's evaluation.

*Response:* These funds were specifically appropriated for introduction of the medication Naltrexone into our substance abuse treatment system. Although it has been demonstrated to be an effective adjunctive therapy for persons with alcohol dependence, Naltrexone is a new technology for the treatment provider network here in Missouri. Many providers have been slow to integrate it into their programs. Consequently, the Division reduced the core amount for Naltrexone by $200,000 in Fiscal Year 2000. The current strategy is to provide training to providers and physicians in the use and benefits of Naltrexone so that it will someday be an important component of our array of substance abuse treatment services.

Comment #8: Information given by the Department of Mental Health – Division of Alcohol and Drug Abuse to the General Assembly during the budget process was not always comparable.

*Response:* The Division of Alcohol and Drug Abuse when preparing items for the budget process believes that utilizing the most recent statistics available to document trends or facts provides the most realistic illustration of need for decision items. We often use comparable national statistics to illustrate the magnitude of the problem and to site whether Missouri is above or below the national average. Any use of national data from a year other than that of the Missouri data may have occurred due to timing, i.e. current year data was not available at the time of budget preparation or inadvertently posted from the wrong year. The Department of Mental Health, Division of Alcohol and Drug Abuse will present statistics that are more readily comparable and provide the sources of the information.

Comment #9: The Department of Mental Health – Division of Alcohol and Drug Abuse should monitor the effect additional funding has had on the direct care staff turnover of local providers.

*Response:* The Division concurs.